



MANDATE

HUMAN RESOURCES & COMPENSATION COMMITTEE

September 2017

MANDATE
HUMAN RESOURCES & COMPENSATION COMMITTEE
of the BOARD OF DIRECTORS
NALCOR ENERGY

I. PURPOSE

The Human Resources and Compensation Committee (the “**Committee**”) shall assist the Board of Directors of Nalcor Energy (the “**Board**”) in the development, implementation and monitoring of sound human resources and compensation policies for Nalcor Energy (the “**Corporation**”) and its subsidiaries (collectively, the “**Corporate Group**”) by reviewing, creating, recommending and administering policies, plans, programs and strategies with respect to compensation, employment diversity, organizational structure and succession planning of the Executive. As used herein, the word “**Executive**” includes the President and Chief Executive Officer, Executive Vice Presidents, and Vice Presidents of the Corporation and such members of management as determined by the President and Chief Executive Officer.

II. CONSTITUTION

1. The Committee shall have at least three members who shall be appointed to the Committee by the Board. All Committee members shall be members of the Board, none of whom shall be an officer or employee of the Corporate Group, and all of whom shall be free from any relationship that, in the opinion of the Board, could interfere with the exercise of his or her independent judgment as a member of the Committee.
2. The Board shall appoint a Chair of the Committee from among the Committee members. If the Chair is not present at any meeting of the Committee, the Chair of the meeting shall be chosen from among the members present.
3. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.
4. In the event of any vacancy which results in less than three members of the Committee, the Board shall fill such vacancy in a reasonable time from among the directors of the Corporation.
5. The Chair presiding at any Committee meeting shall have a vote in all matters considered by the Committee.

6. The Corporate Secretary of the Corporation or designate shall be the Secretary of the Committee.

III. MEETINGS AND MINUTES

7. A majority of members shall constitute a quorum for all meetings of the Committee. The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present, in person or by telephone or other electronic means, or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee.
8. The Committee shall meet as frequently as it determines necessary but not less than twice per year.
9. At each meeting of the Committee, an opportunity shall be provided for its members to have an in camera session.
10. The Committee may invite such officers, directors and employees of the Corporate Group and external consultants and auditors as it may see fit, to attend its meetings and to take part in the discussions and consideration. The Committee shall have the right at all times to determine who shall and shall not be present at any or part of the meetings of the Committee.
11. A draft copy of the minutes of a meeting shall be circulated to the members of the Committee within a reasonable time following conclusion of the meeting. All minutes approved by the Committee shall be signed by the Secretary of the meeting and the Chair of the Committee.
12. All recommendations, decisions and directives of the Committee shall be duly recorded by the Secretary in the minutes of the meeting.
13. A written or verbal report on any meetings of the Committee shall be made by the Chair or designate of the Committee at a subsequent meeting of the Board.

IV. SCOPE, DUTIES AND RESPONSIBILITIES

14. The Committee shall oversee issues of human resources and labour relations, executive compensation and organizational structure, diversity and inclusion, and succession planning as they apply to the Corporation by monitoring and reviewing the human resources and compensation practices of the Corporation on a continuing basis and, whenever considered appropriate, shall report and make recommendations to the Board concerning those practices including, without limitation:

- a. as required, the Chair of the Board and the Committee shall undertake an annual performance review of the President and CEO of the Corporation and report and/or make recommendations to the Board. The performance review shall be based on agreed upon goals and objectives, updated each year;
- b. as required, the determination and setting forth of the President and Chief Executive Officer's compensation level (considering all elements of the compensation package) based on the Chief Executive Officer's evaluation;
- c. the Corporation's approach to and policies for recruiting, developing and motivating Executives and executive compensation and human resources issues;
- d. establish and maintain a compensation philosophy and framework for the Corporation, including the framework for the short-term incentive plan (performance contracts) for eligible employees and the long-term incentive plan (LTI) for executives;
- e. review and assess annually corporate performance metrics, including thresholds, targets, opportunities (stretch) and weightings, and ensure alignment within the incentive programs;
- f. periodically conduct a compensation risk assessment to ensure that the compensation of Executive encourages prudent risk-taking appropriate to the Nalcor profile and the avoidance of excessive risk-taking that may materially impact the Corporation's performance in an adverse manner;
- g. review the structure of the executive and the engagement of executive personnel to a newly formed executive position;
- h. review and assess annually the Corporation's succession planning policies and practices for the executives, and report and/or make recommendations to the Board;
- i. review the approach to employment diversity and inclusion;
- j. review compliance with the Code of Conduct within the Corporation;
- k. review the Corporation's labour relations strategies and recommend to the Board negotiating mandates for collective bargaining;
- l. as necessary, provide guidance and direction to the boards of subsidiary companies with respect to compensation and human resource policies and issues as outlined in this Mandate.

15. The Committee shall consider and make recommendations to the Board in respect of the following items:
 - a. establish annual salary increases for the Executive;
 - b. establish payout criteria, evaluate performance and realization of objectives and authorize awards and payments in accordance with the short-term and long-term incentive programs for Executives;
 - c. review and approve annual salary policy increases for non-union employees, including cost of living adjustments and the merit matrix (salary progression model);
 - d. review and approve any significant changes to the compensation & benefit policies and programs and pension plans of the Corporation for Executive, management and all employees;
 - e. review and approve compensation and benefits for collective bargaining mandates.
16. The Committee shall perform such other duties as may be necessary or appropriate under applicable law or as may be delegated to the Committee by the Board from time to time.

V. GENERAL

17. The Committee shall have full, free and unrestricted access to management, employees and relevant information.
18. Subject to Board approval, the Committee shall have the authority to retain legal counsel, consultants or other advisors, with respect to any issue or to assist in fulfilling its responsibilities.
19. The Committee shall conduct an annual review and assessment of its performance, including a review of its compliance with this Mandate.
20. The Committee shall review and assess the Mandate as necessary taking into account all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines.